The National Transfer Accounts and the 2016 Demographic Dividend Report for Nigeria: What have we learned?

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Outline

- Introduction

- Milestones in the preparation of the Demographic Dividend Report

- The Demographic Dividend Report

- Lessons learned from the preparation of the Report

- Conclusion and recommendations

Introduction/Background

Brief on Nigeria

Demography

- Population is 191 million in 2017 and expected to reach 264 million in 2030 and 410 million in 2050

- By 2050 Nigeria will be the third most populated country in the world

- TFR trend has not shown much progress

Economics Development

- Nigeria is arguably the largest economy in Africa

- The country is just emerging from a recession after the effect of the oil shocks of 2014 – 2016

- Economy is dependent on oil export earnings, but domestic production is largely diversified

Social Development

- Poverty in the country is still high at 69% in 2015

- Inequality is one of the highest in Africa

Milestones in the preparation of the Demographic Dividend Report

- **THE UNFPA Contribution**

- **2013/ 2014** - Understanding the issues surrounding DD especially concerning fertility and mortality and effects on the demographic transition in Nigeria

- **2014 -** Analysis of national and regional data by experts to show trends in population dynamics, feasibility and potential for DD in Nigeria. Analysis covered DD and Nigeria's socio-economic development and geographic variations

- **2015 – 2016 -** National and regional seminars on *"How Nigeria Can Capitalize on the Demographic Dividend"*
  - High-level personalities made convincing DD advocacy statements
  - MDA representatives shared past experiences and future desires for harnessing DD opportunities in various sectors of the economy
  - Preparation of a Technical Brief on Creating and Harnessing Demographic Dividend in Nigeria

NTA

Milestones in the preparation of the Demographic Dividend Report

- **January – June 2017 –** Preparation of the Roadmap on Harnessing the Demographic Dividend through Investments in Youth in Nigeria
  - Stakeholders meeting and launching of the Roadmap
  - Technical team on Demographic Dividend in Nigeria
  - Integrating the Nigerian DD Roadmap into the general National Policy Strategy
- **July – December 2017 -** Preparation of the Demographic Dividend Report
  - Set up a Country DD estimation and report-writing team
- In all these:
  - Partnerships were forged with government ministries, departments and agencies, academia, private sector, religious leaders, youth associations and prominent individuals led by the National Planning Commission, supported by the United Nations in Nigeria with UNFPA's technical leadership

The Demographic Dividend Report: The NTA Contribution

- **Approach**
  - National Transfer Accounts methodology was the main analytical framework for describing and profiling the Demographic Dividend in Nigeria
- **Participants**
  - 30 persons from different ministries, departments and agencies at the federal government level were trained in NTA methodology
- **Process**
  - 10-day capacity-building workshop on the estimation of the demographic dividend using the National Transfer Accounts methodology
  - Generation of age profiles by the estimation team during the training and validation by the Country NTA research team members
    - Writing the report on the Demographic Dividend using local knowledge of various sectors as practitioners

Age Profile of Per Capita Labour Income and Consumption in Nigeria, 2004 and 2016
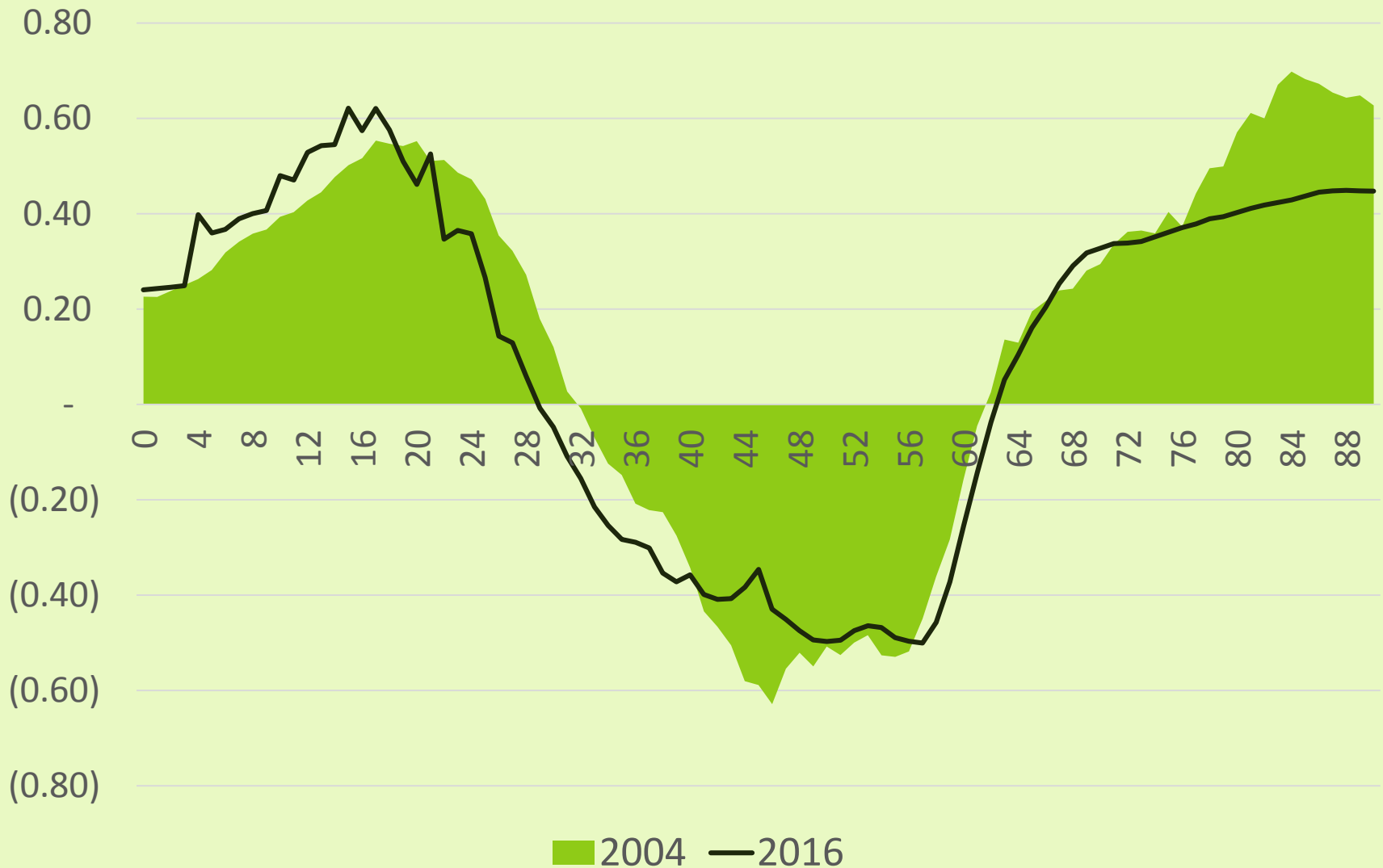

Legend:
- - - - Labor Income 2004
- - - - Consumption 2004
——— Labor Income 2016
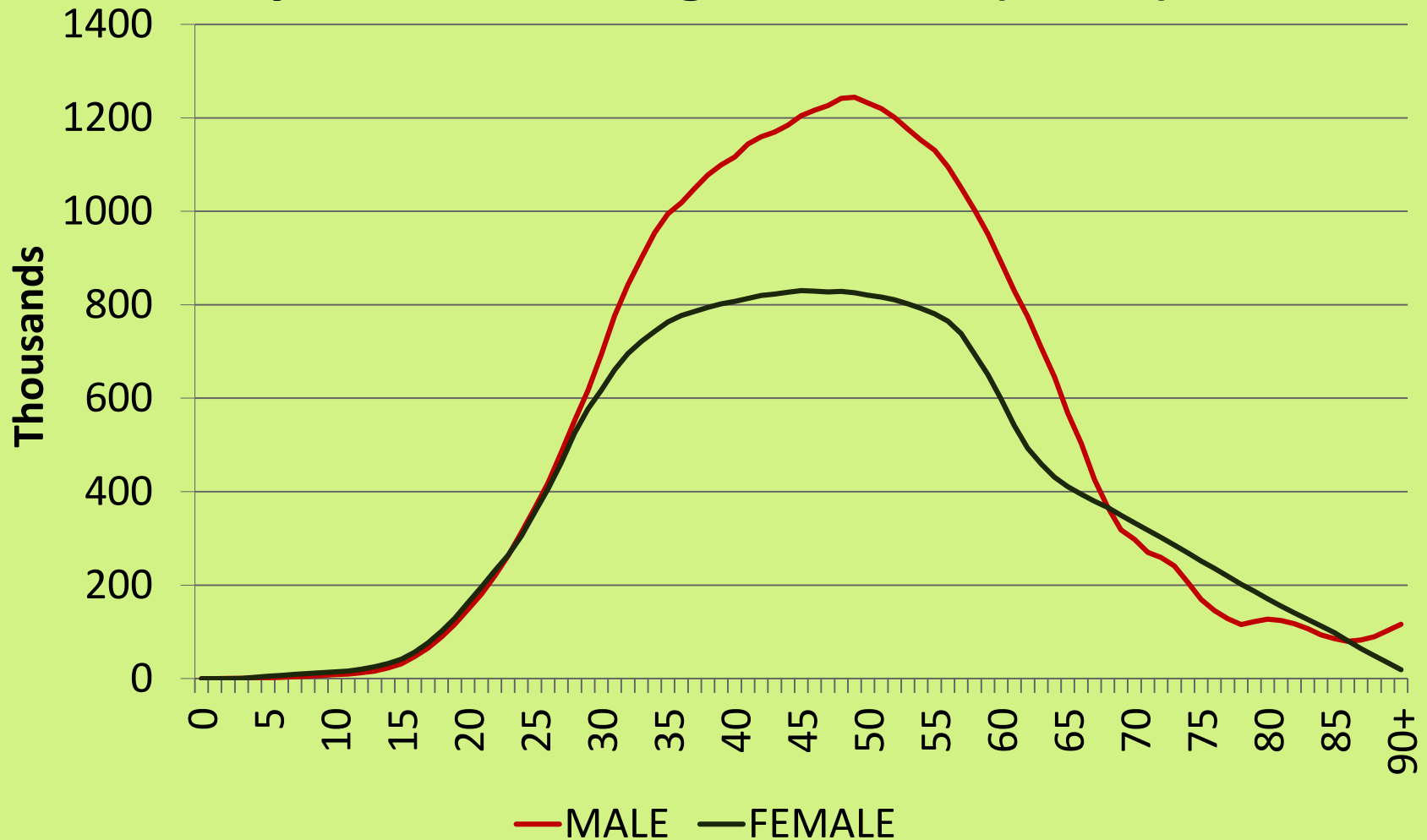——— Consumption 2016
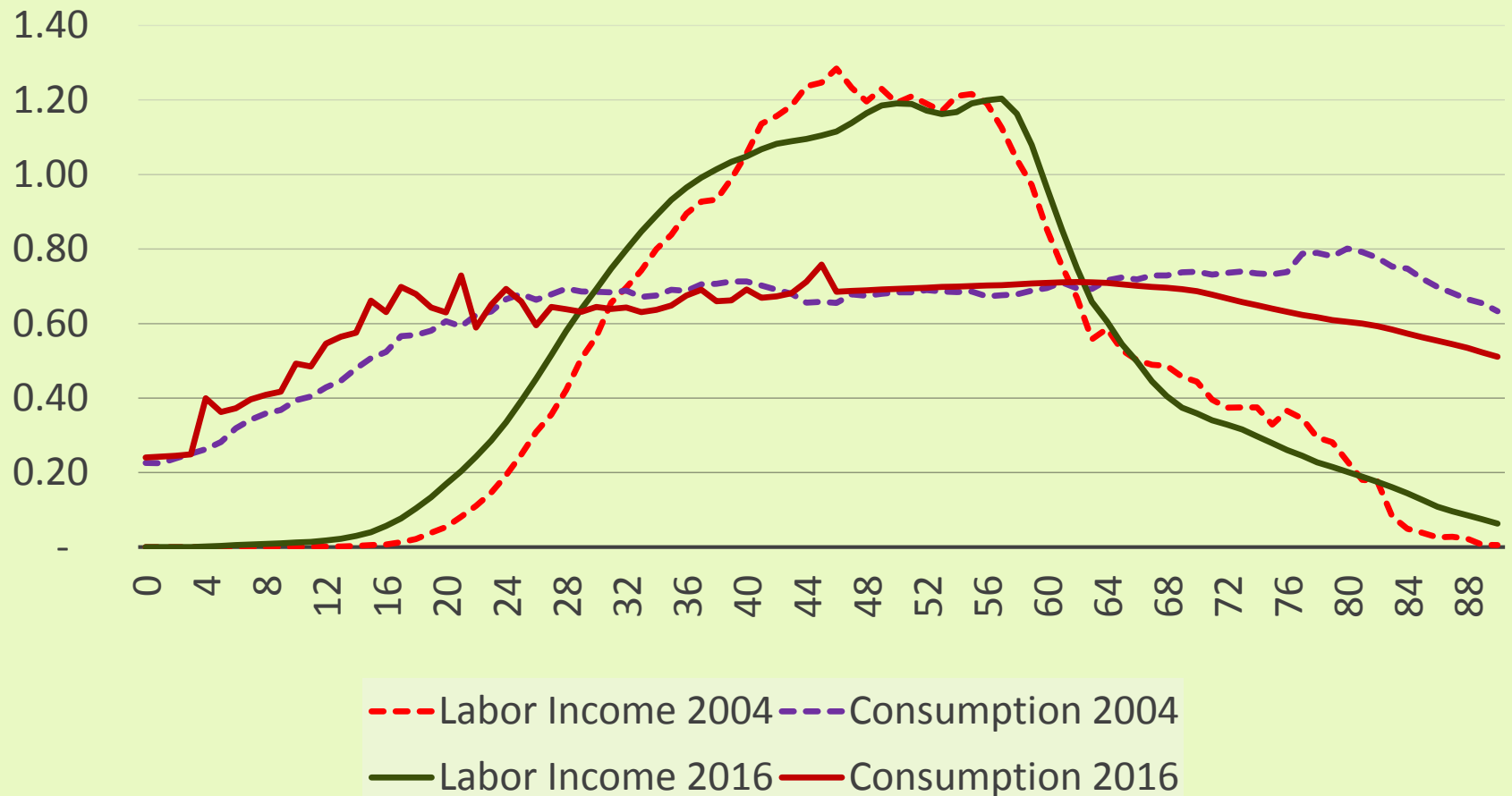
Aggregate Lifecycle Deficit, Nigeria 2004 and 2016
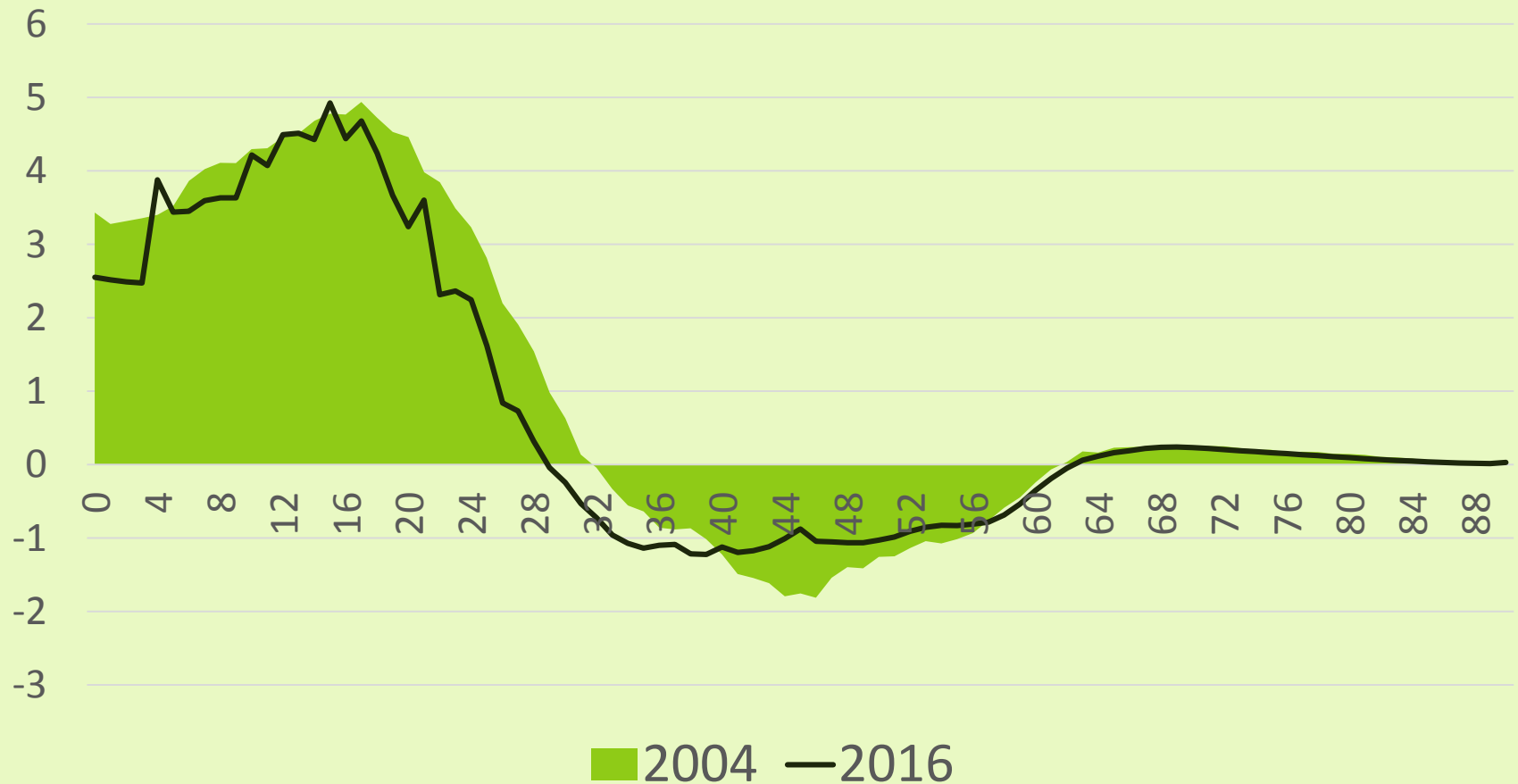
Lifecycle Deficit in Nigeria, 2004 and 2016

# Magnitude of Deficit and Surplus in Nigeria (N '000) in 2004 and 2016

|	2004	2016
Young age deficit (YAD)	4,798,136	43,928,536
Old age deficit (OAD	189,794	1,630,071
Total deficit (YAD+OAD)	4,987,930	45,558,607
Total surplus for surplus ages	1,313,895	13,699,408
Lifecycle deficit	- 3,674,035	- 31,859,199
Sur plus as per centage df Deficit (%)	-35.8	-43.0

Age Profile of Per Capita Labour Income by Gender for Nigeria, 2016 (#'000)
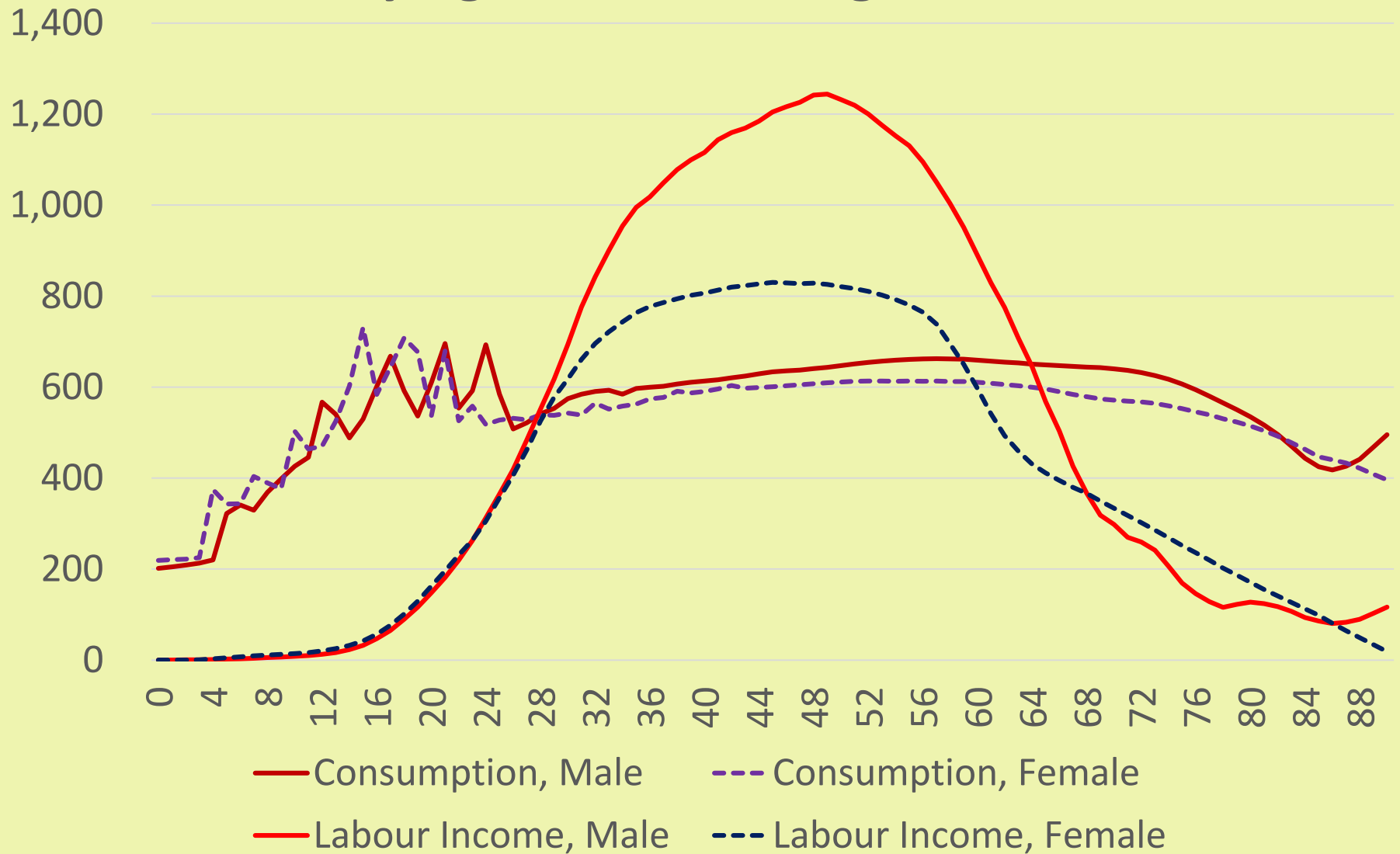
Per Capita Labour Income by Age, Male 2016
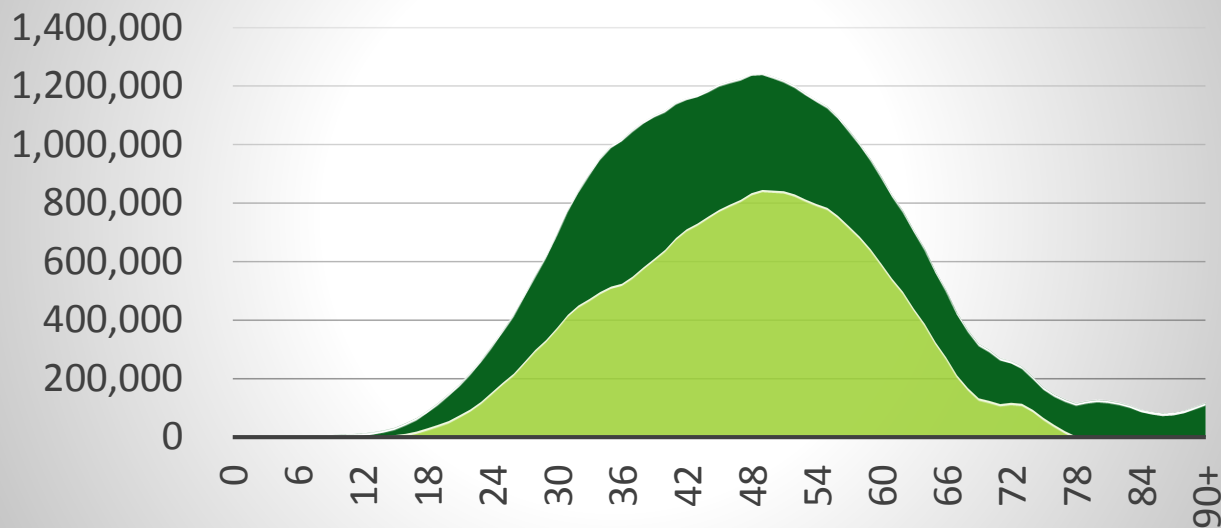
Per Capita Labour Income by Age for Female, 2016
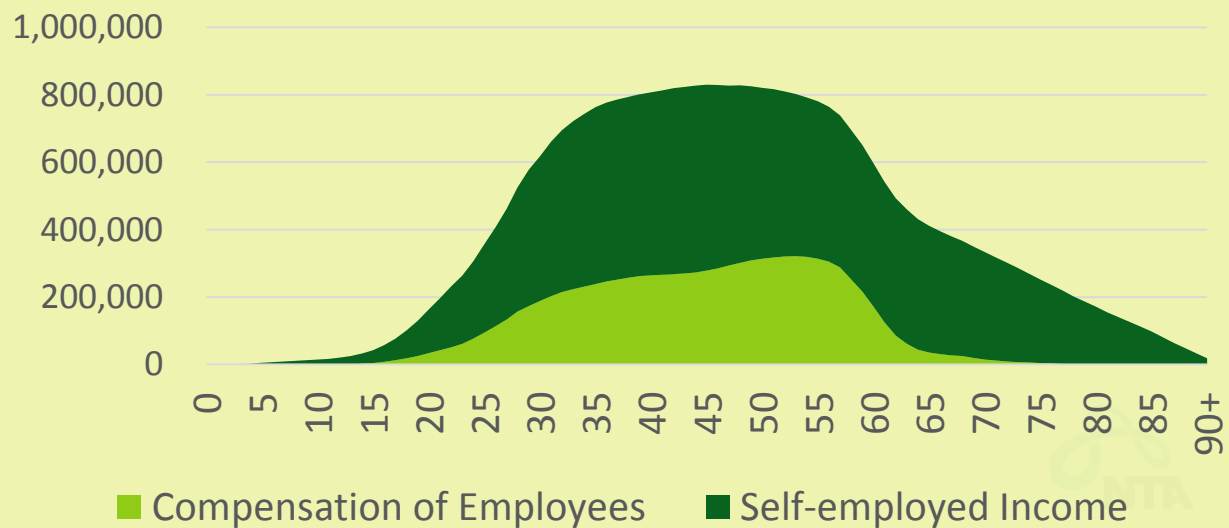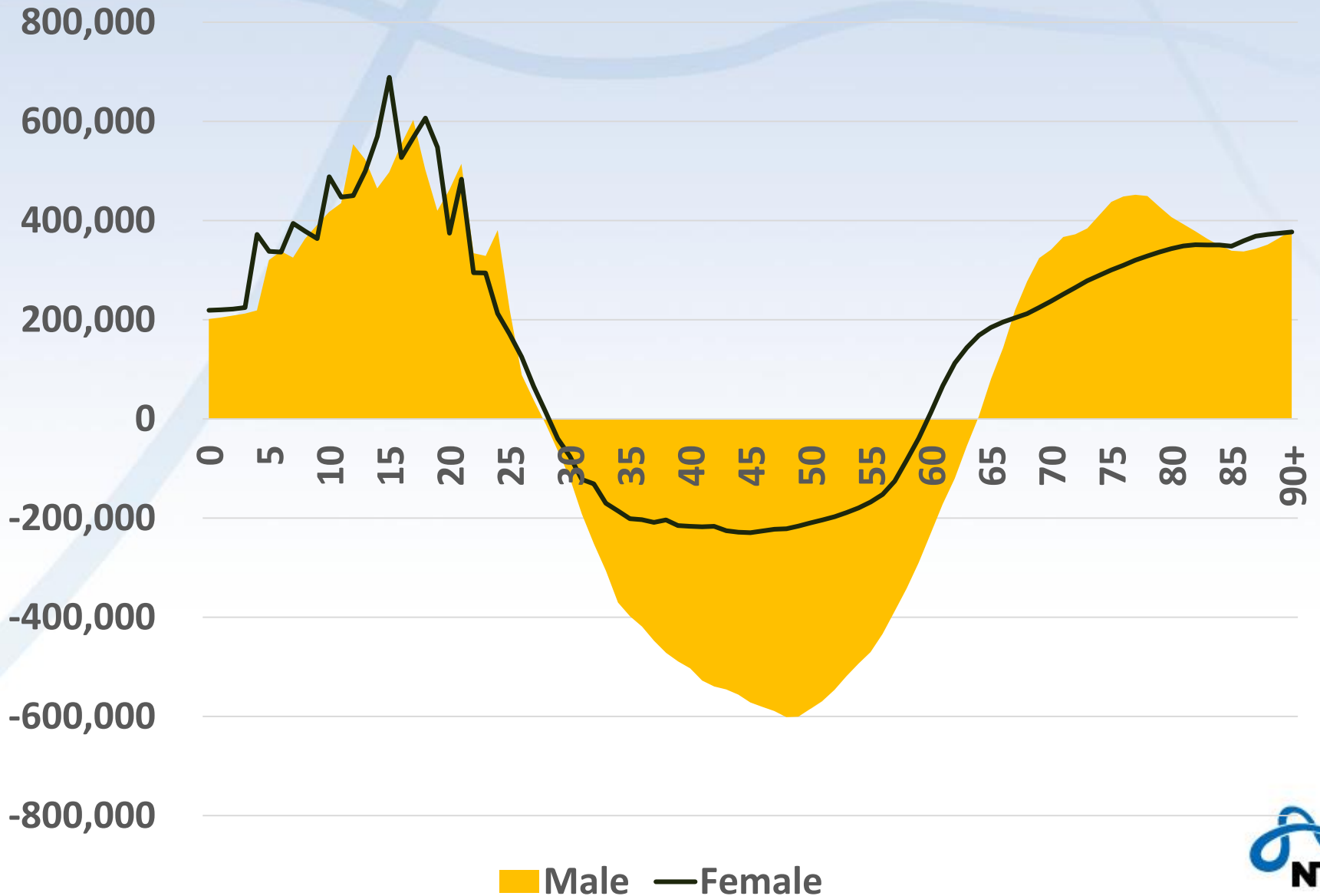
Compensation of Employees | Self-employed Income

# Per Capita Labour Income and Consumption by Age and Sex in Nigeria, 2016

Legend:
— Consumption, Male
--- Consumption, Female
— Labour Income, Male
--- Labour Income, Female

Per Capita Lifecycle Deficit in Nigeria, 2016

Male   —Female

Economic Lifecycle, Selected Indicators, 2016

	Age at which Surplus starts	Age at which Surplus ends	Length of Surplus in years	Total Surplus in Trillion naira	Total Child Deficit in Trillion naira	Total Elderly Deficit in Trillion naira
Total	29	62	34	13.7	43.83	1.63
Male	28	63	36	9.94	22	0.81
Female	29	59	31	4.09	22.16	0.91

Growth rates of effective consumers and effective producers, Nigeria 1920-2050
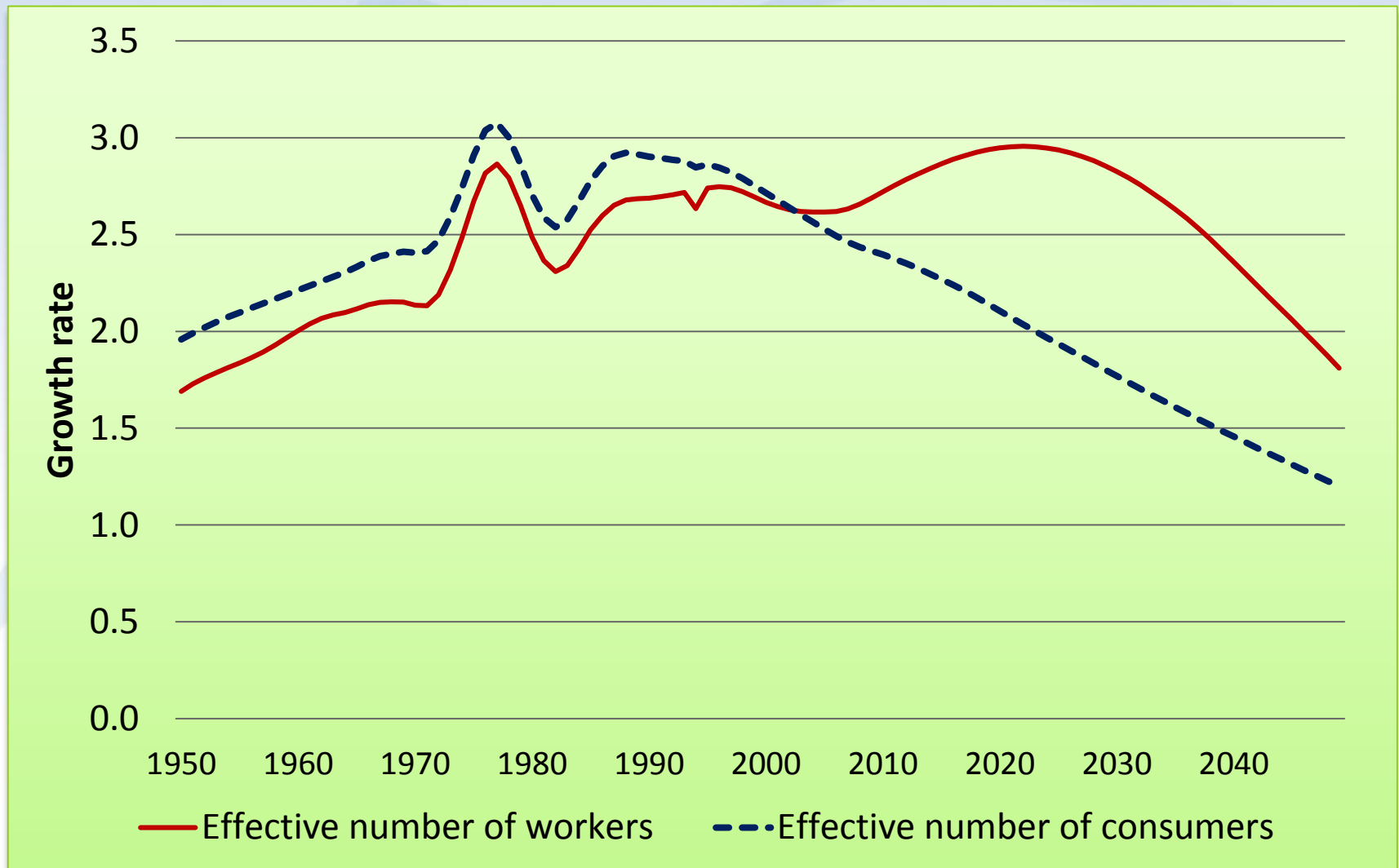
Achieving the Dividend will Depend on the Structure of the Support Ratio

Index of support ratio, Nigeria, 1950-2050 (2003=1000)
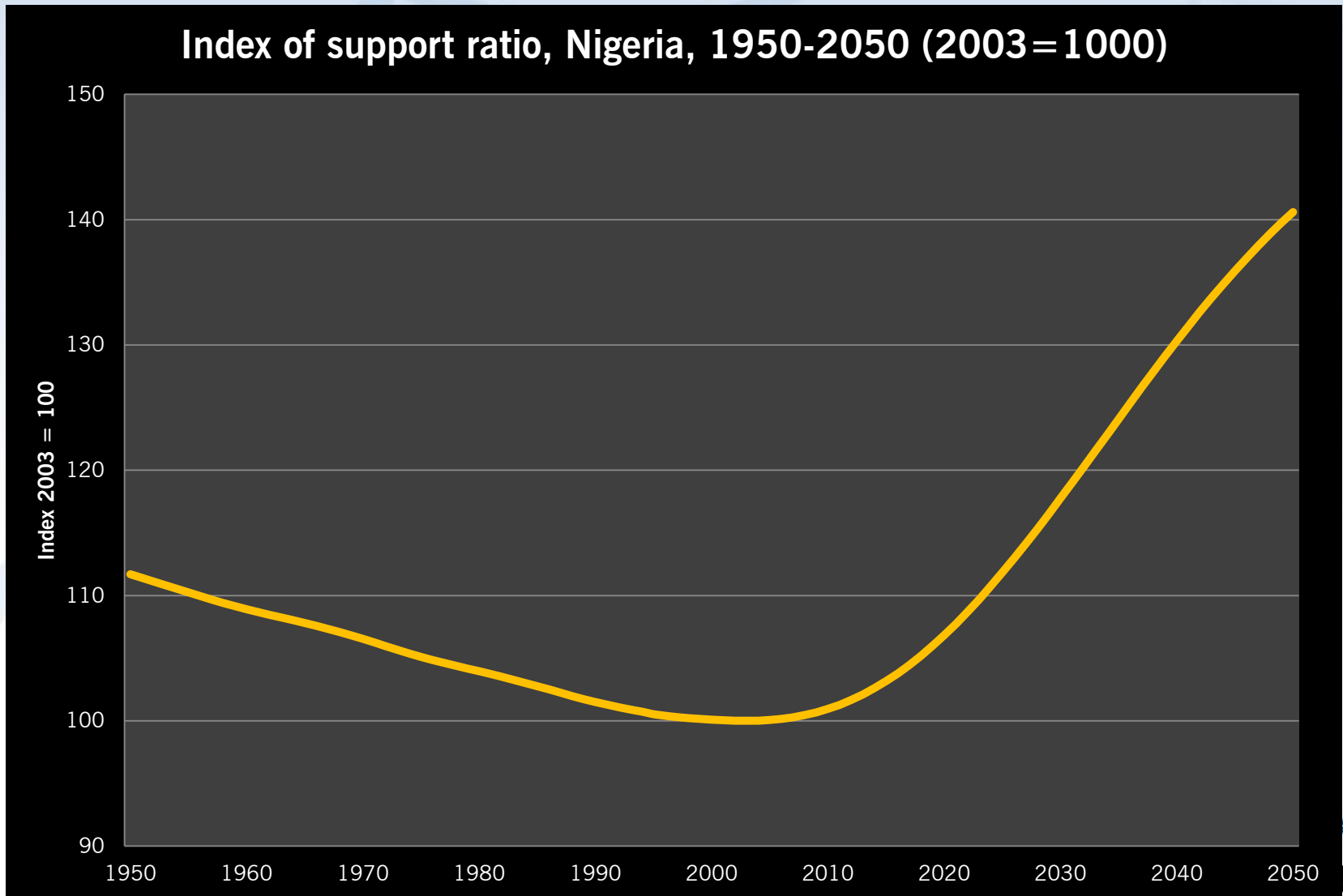
First Demographic Dividend (Growth Rate of Support Ratio), Nigeria 1950-2050
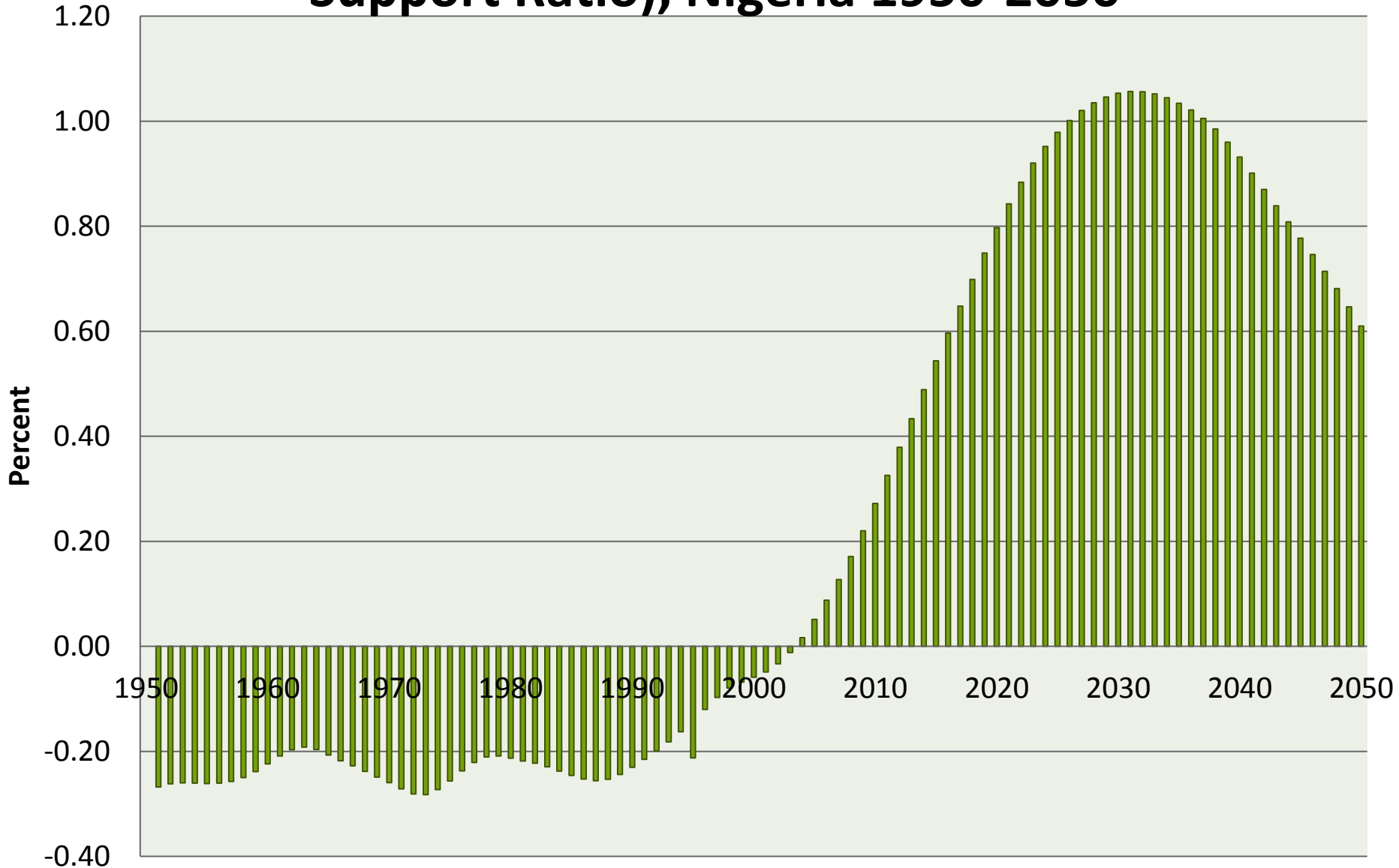
Lessons Learned from the Demographic Dividend Report

- Nationally representative data are better than regional surveys due to the large heterogeneity between different regions of the country

- There is a need to raise awareness of stakeholders and explore ways of enhancing our understanding of the concept of the Demographic Dividend and what it means in operational terms

- Fertility in Nigeria has not decreased significantly in the past 50 years

- There is wide variation in TFR across different regions of the country

- Children from low-fertility families will be more productive than those from high-fertility families since they should have more invested in their education and health just because there were fewer of them

- Adequate investments in the human capital of women and girls which can generate multiple beneficial effects

Fertility Rates In Nigeria By State, 2016
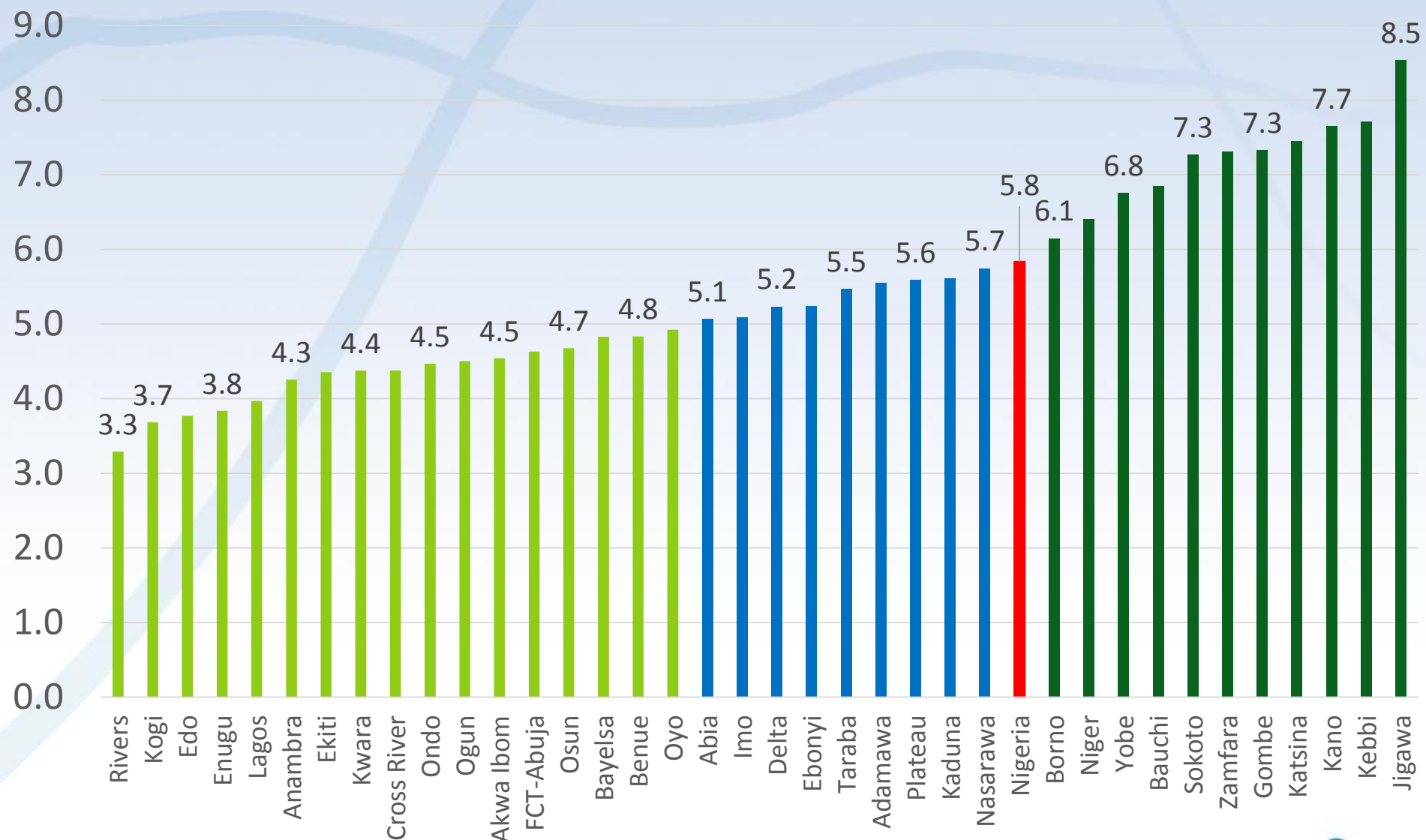
Lessons Learned from the Demographic Dividend Report

- Human Capital has huge positive implications with regards to potential gains from the Demographic Dividend in Nigeria, including opportunities to:

    i.   Leverage the youthful population to increase the working population

    ii.   Reduce dependency ratios and thereby increase savings and investment because families will spend less on children's education, health and other needs

    iii. Ignite innovation and creativity to enhance development in all sectors

    iv.   Increase average per capita earnings by the productive utilization of an expanding working population

    v.   Foster the transfer of skills including productive rural-urban and international migration, which directly affects human-capital accumulation and sustainable development

    vi.   Contribute to reducing poverty and inequality and therefore provide an enabling environment for sustainable economic growth and development

Lessons Learned from the Preparation of the Report

- For Nigeria to fully reap the Demographic Dividend, policy makers must create the necessary enabling environment, since different policy environments can lead to different growth paths, irrespective of the demographic effect

- An inclusive and carefully planned and delivered sensitization and advocacy programme on the Demographic Dividend can kindle enormous public interest and have a great potential to stimulate action and commitment as a strategy to harness the potential of young people for sustainable development

- Intervention is key to sensitize and motivate Nigerian policy makers and stakeholders from diverse backgrounds to develop policies and invest in critical areas that will enable Nigeria to harness its Demographic Dividend

- Geographic disparities and diversities within Nigeria must be taken into account to create and reap the Demographic Dividend

Lessons Learned from the Demographic Dividend Report

- Capacity-building process on understanding the methodology of National Transfer Accounts, November 2017

- Capacity-building in writing reports from the NTA estimates

- Verification of the source and quality of mMacroeconomic data used by the bureaucrats in charge of the data

- Buy–in of the relevant government stakeholders in the National Transfer Accounts estimation and results

- Buy-in for the institutionalization of the Demographic Dividend estimation and process of reaping the benefits

- Process of dissemination handled by the stakeholders for more acceptability within the country

Concluding Issues

- Recurrence: Demographic Dividend reports should be prepared regularly at both national and state levels, with full political, financial, and technical support of the government and other stakeholders

- Policy Use: Demographic Dividend results must be integrated into national economic development and population policy processes

- Government ownership: Sustainability of government's interest and leadership will ensure sustainability and effectiveness in harnessing the Demographic Dividend

- Demand: More awareness of the importance of Demographic Dividend, especially by state governments

- Resources: Human, financial, and organizational resources are key to harnessing the Demographic Dividend in Nigeria

- Enabling environment: Policy and legal backing at federal, state and local levels